## Message Text

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SUBJ: POLITICAL MANEUVERING IN DENMARK

**REF: COPENHAGEN A-35** 

SUMMARY: TO COUNTER ATTEMPTS BY THE CENTER PARTIES TO DEVELOP AN ALTERNATIVE ECONOMIC PROGRAM TO THAT OF THE SOCIAL DEMOCRATS, PRIME MINISTER ANKER JORGENSEN HAS ENTERED INTO EXCLUSIVE DISCUSSIONS WITH THE LIBERAL PARTY ON EXPANSION OF HIS MINORITY GOVERNMENT. WHILE THE POSSIBLITY OF A COALITION REMAINS, MANY OBSERVERS BELIEVE THESE DISCUSSIONS WILL OE UNSUCCESSFUL AND THAT ELECTIONS WILL BE HELD IN THE FALL TO "CLEAR THE AIR" AND PAVE THE WAY FOR LEGISLATIVE COMPROMISES WHICH CAN ADDRESS DANISH ECONOMIC PROBLEMS. END SUMMARY.

1. SINCE BECOMING PRIME MINISTER IN FEBRUARY 1975, ANKER JORGENSEN'S MINORITY GOVERNMENTS HAVE BEEN FORCED TO SEEK OPPOSITION SUPPORT FOR THEIR LEGISLATIVE PROGRAMS. EXCLUDING THE PARTIES OF THE EXTREME LEFT AND MOGNS GLISTRUP'S PROGRESS PARTY, LIMITED OFFICIAL USE

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THESE LEGISLATIVE COMPROMISES HAVE BEEN FORMED WITH THE PARTICIPATION OF THE NON-SOCIALIST CENTER PRTIES. NONE OF THE COMPROMISES WHOLLY PLASED ANY OF THE PARTICIPANTS (SOME CAUSED INTERNAL PARTY DISSENTION) NOR DID THEY DEAL EFFECTIVELY WITH DANISH ECONOMIC PROBLEMS. SENSING A CERTAIN MALAISE AMONG DANISH VOTERS AND HOPING TO TURN IT TO ADVANTAGE, FOUR OF THE CENTER PARTIES - THE LIBERALS, THE CONSERVATIVES, THE CENTER DEMOCRATS

AND THE CHRISTIAN PEOPLES PARTY - BEGAN CONSULTATIONS LAST SPRING WITH A VIEW TO STAKING OUT AN ALTERNATIVE TO THE PROGRAM WHICH THE SOCIAL DEMOCRATS WILL PRESENT TO HALT INFLATION, CURB BUDGET AND BALANCE OF PAYMENTS DEFICITS, AND REFORM TAX AND HOUSING POLICIES.

- 2. THE PRIME MINISTER VIEWED THIS MOVE AS A THREAT TO HIS ABILITY TO LEGISLATE. JORGENSEN THUS DECLARED HIS INTENT TO BREAK UP THE COOPERATION AMONG THE PARTIES OF THE CENTER. HE BEGAN TO SPEAK OF EXPANDING HIS GOVERNMENT TO INCLUDE THE LIBERALS AND THE RADICALS (NOT A PARTY TO THE CENTER COOPERATION) IN HOPES OF OBTAINING A RULING MAJORITY IN THE FOLKETING.
- 3. THE LIBERALS REACTED BY CALLING FOR INCLUSION OF THE CONSERVATIVES IN THE DISCUSSIONS AIMED AT GOVERNMENT EXPANSION SO THAT RESPONSIBILITY COULD BE SHARED WITH THEM. THE SOCIAL DEMOCRATS COULD NOT AGREE TO PARTICIPATION OF THE CONSERVATIVES BUT DECIDED FOR NOW TO ACCEPT THE LIBERAL DEMAND FOR EXCLUSION OF THE RADICALS, WHO ON MOST ISSUES SHARE SOCIAL DEMOCRAT C AIMS. ALTHOUGH MIFFED AT NOT BEING AMONG THE PARTICIPANTS IN THE NEGOTIATIONS, THE CONSERVATIVES, NEVERTHELESS, HAVE NOT OBJECTED TO THE LIBERAL ATTEMPT TO REACH SOME AGREEMENT WITH THE SOCIAL DEMOCRATS. THE CONSERVATIES CONTINUE TO SUPPORT CLOSE COOPERATION AMONG THE CENTER PARTIES IN CASE ANKER JORGENSEN'S ATTEMPT TO FIND A BASIS FOR BROADENING HIS GOVERNMENT FAILS.

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- 4. THE ISSUES, EXCLUSIVELY DOMESTIC ONES, INCLUDE A TRADE-OFF OF INCOMES POLICY FOR "ECONOMIC DEMOCRACY", TAX AND HOUSING POLICY REFORM, COST OF LIVING INDEXATION, AND CAPITAL GAIN TAXES. AS MIGHT BE EXPECTED THERE ARE STRONG DIFFERENCES BETWEEN THE SOCIAL DEMOCRATS AND THE BOURGEOIS PARTIES ON THESE ISSUES. CONSEQUENTLY THERE IS CONSIDERABLE SKEPTICISM THAT THE TALKS ANKER JORGENSEN BEGAN LAST WEEK WITH THE LIBERALS CAN LEAD TO ANY AGREEMENT. BUT THE BAIT HE OFFERS IS TEMPTING: CABINET POSITIONS AND A POLICY ROLE FOR THE LIBERALS. AND THIS COMES AT A TIME WHEN LIBERAL FORTUNES APPEAR TO BE FADING WHILE THE RIVAL CONSERVATIVE PARTY GAINS. COOPERATION WITH THE GOVERNMENT MIGHT SPARK NEW INTEREST IN THE LIBERAL PARTY AMONG DANISH VOTERS AND BRING ADDED SEATS IN THE FOLKETING AT THE NEXT ELECTION.
- 5. COMMENT: THE LAST DANISH PARILIAMENTARY ELECTION WAS HELD IN FEBRUARY 1977, AND NEITHER THE ELECTORATE NOR A MAJORITY OF POLITICIANS SEEM INTERESTED IN RETUNING TO THE POLLS NOW. MOREOVER, IT IS DOUBTFUL THAT AN ELECTION WOULD PRODUCE SIGNIFICANT CHAGES IN THE FOLKETING. NEVERTHELESS, MANY OBSERVERS ANTICIPATE THAT ELECTIONS WILL BE HELD IN THE FALL. IF COALITION EFFORTS FAIL, IT MAY BE NECESSARY TO HOLD AN ELECTION IN ORDER TO CREATE THE KIND OF PSYCHOLOGICAL ATMOSPHERE NECESSARY TO PERMIT THE

ADOPTION OF LEGISLATIVE MEASURES	WHICH SERIOUSLY	ADDRESS DENMARK'S
ECONOMIC PROBLEMS.		
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